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विषय/Sub: Disclosure pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Update on meeting with Analyst/Institutional Investors

प्रिय महोदय/महोदया,
Dear Sir/Madam,

This is further to our letter dated 11th February, 2022 intimating the Exchanges regarding Schedule of Earning Call Post declaration of third quarter and nine months Financial Results ended on 31.12.2021 for the Financial Year 2021-22 held on 14th February, 2022, in terms of Regulation 30 of SEBI Listing Regulations, 2015.

In this regard, please find enclosed herewith the transcript of Earning Conference Call held on 14th February, 2022 with several funds/individual investors.

कृपया उपरोक्त आपकी जानकारी एवं रिकॉर्ड के लिए है।
The above is for your kind information & records please.

धन्यवाद/Thanking you,

भवदीय/Very truly yours,

नरेंद्र कुमार/ Narender Kumar
अनुपालन अधिकारी/Compliance Officer

Encl: As above /संलग्नक: यथोक्त



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“Engineers India Limited
Q3 FY'22 Earnings Conference Call”

February 14, 2022



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**ANALYST: MR. KUNAL SHETH FROM BATLIVALA & KARANI SECURITIES
INDIA PRIVATE LIMITED**

**MANAGEMENT: MS. VARTIKA SHUKLA, CHAIRMAN AND MANAGING DIRECTOR
AND ADDITIONAL CHARGE DIRECTOR FINANCE - ENGINEERS
INDIA LIMITED**

MR. SUVENDU PADHI, COMPANY SECRETARY - ENGINEERS INDIA LIMITED

**MR. R.P. BATRA, GROUP GENERAL MANAGER, F&A AND IR - ENGINEERS
INDIA LIMITED**

**MR. VINAY KALIA, CHIEF GENERAL MANAGER, BD AND IR - ENGINEERS
INDIA LIMITED**



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Moderator:

Ladies and gentlemen, good day and welcome to the Q3 FY22 Earnings Conference Call of Engineers India Limited, hosted by Batlivala & Karani Securities India Private Limited.

As a reminder, all participant lines will be in the listen only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal for an operator by pressing '*' then '0' on your touchtone phone. Please note, that this conference is being recorded.

I now hand the conference over to Mr. Kunal Sheth from Batlivala & Karani Securities India Private Limited. Thank you and over to you, sir.

Kunal Sheth:

Yes. Hi, thank you, Zaid. I would like to welcome the management of Engineers India Limited on the call and would like to thank them for giving us this opportunity. From the management, today we have Ms. Vartika Shukla, Chairman and Managing Director and additional Charge Director Finance; Mr. Suvendu Padhi, Company Secretary; Mr. R.P. Batra, Group General Manager, F&A and IR; and Mr. Vinay Kalia, Chief General Manager, M&BD and IR.

Ma'am, I request you to give us some opening remarks, post which we will open the floor for Q&A. Over to you, ma'am.

Vartika Shukla:

Thank you, so much. With regards the quarterly performance of the third quarter of this financial year, so far as our turnover goes in comparison on the PFY, we are about 4% up in terms of our total turnover. With regards on quarter on quarter for, the same financial year we are up 14% in terms of our profitability which actually showcases the high-end work that we have done in this earning of this quarter.

Same way, if we see our EPS, it is higher quarter on quarter and in comparison to the last quarter, it is higher by one point -- it's higher by about 15%. Based on the strength of the performance of this quarter in this FY, we have also declared interim dividend of INR 2 per share, which is equal to the total dividend of the last financial year. So, we expect a robust profitability in comparison to, the previous year. And going forward, we also see more businesses in our core as well as diversified segment. Would you like me to add more numbers to it?

Moderator:

Shall we open the forum for the questions, ma'am?

Vinay Kalia:

Yes, we can.

Vartika Shukla:

Yes, we can.

Moderator:

All right. Thank you, very much. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press '*' and '1' on their touchtone telephone. If you wish to remove yourself from the question queue, you may press '*' and '2'. Participants are requested to use handset while asking questions. Ladies and gentlemen, we will wait for a moment while the question queue assembles. To ask a question please press '*' and '1' at this time.



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The first question is from the line of Saket Kapoor from Kapoor Industries. Please go ahead.

Saket Kapoor: Hello, ma'am and thank you for the opportunity. And thank you for looking our request of conducting now regular con calls. Thank you for this continuity firstly.

Vartika Shukla: You're welcome.

Saket Kapoor: Yes, ma'am. Ma'am, firstly, if you could throw some more light on the business prospects, the current business environment in terms of order intake both for our consultancy as well as turnkey projects and the key headwind we are facing in terms of executions for the turnkey projects? Any over run-in cost, in any or particular projects? And I think so, the company is now pursuing a business in new technologies also by new, it is the hydrogen, a business, I think so where we make a breakthrough. So, if you could throw some more light on the same? And then, I have some more follow ups.

Vartika Shukla: Sure. So far as the business order inflow goes, the total order inflow up to the quarter ending third quarter is INR 1507 crore, in comparison to the entire order of INR 1569 crore for the last financial year. Largely this order is in our consultancy segment which is a high end job. So, the large order is almost majority of this order in flow is in the high-end consultancy itself, so far as our order books set of scores up to December 21, we are about INR 8200 crore, in comparison to last financial year end which was INR 7982crore.

We foresee -- we are already working on with GAIL on hydrogen and we are looking forward to more opportunity. We have quoted for some proposals and we get some more proposals on job looking at various commercial aspect of the hydrogen economy. We have also got a small feasibility for NTPC, which is another bio sector, the renewable sector which will be then transforming into Project Management Services and Engineering Implementation.

So, this stage, as we see in the market, is a stage of transition where there is a lot of feasibility and lot of, work going on in terms of assessing the investment in the diversified sector of renewables. EIL is very well entrenched in most of them in the space of not only renewables but also in the core hydrocarbon sector where we work. And these are going to turn around into projects where EIL will have a very major role to play. And with that we will have a -- we expect a reasonably good order big position next year. Would this suffice?

Saket Kapoor: Hello? Yes, ma'am, may I continue, ma'am. Hello?

Vartika Shukla: Yes, please.

Saket Kapoor: Yes, ma'am. I was coming to -- with now the execution cycle. Generally, the fourth quarter turns out to be a big quarter, in terms of all engineering concerns. So, how is the execution cycle, currently, ma'am? We are already 45 days into the quarter. And this February being a lean month, in terms of number of days. So, how is the exhibition cycle picking up? And where are we going to end the year in terms of the revenue profile trajectory, if you could give some more color?



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Vartika Shukla:

Sure. So, I'm sorry, I missed that point. I should have remembered to reply to that. You are right, in the last quarter, it is not just for the engineering services also, but for every client, there are a lot of mechanical completions happening by year for capitalizing of the assets. So work is on and full swing in all our projects. Whether we look at Bathinda refinery, whether we look at Vizag refinery or in some ways, Rajasthan refinery. So, there is a lot of activity in terms of completion of a huge number of milestones in couple of these mega projects.

And we will be realizing, definitely, as you have seen year on year, always quarter 4 turns out to be a better quarter with respect to implementation. We are a little -- we hope it will be picked up. It has picked up already. We have one of the highest number of man powers deployed in Vizag now in comparison to last few months. January was not that good because of COVID, but it is suddenly improved and concerted efforts on the project management to finish off dependencies to get milestones in these project is achievable. And it would be probably preemptive to give you a number of sorts on Q4. But as it goes, it will definitely be better than Q3, that assurance we can definitely give you, and we are trying our best to do better than last year.

Moderator: Mr. Kapoor, does that answer your question?

Saket Kapoor: Hello, ma'am, on the margin profile, hello?

Vartika Shukla: Yes.

Saket Kapoor: Yes, ma'am. On the margin profile, with the inflationary trends in the commodity prices, what kind of pressure are we seeing on the margin, since the the raw material prices of all the commodities are moving in the north ward trajectory? And also, ma'am on the point of our investment in this, the urea business in the fertilizer segment. I think so, we have been posting losses in the joint venture. So, this is the limitation in the investment, only that is happening, and these are not cash losses but our investments are being marked to market? So, this is the fair understanding of the same, this INR 31 crore loss that we have booked of share of profit from the joint venture.

Vartika Shukla: Right. So let me answer your first question on the margins. From in respect, so far as our services goes in comparison to 9 months of last year to this year our margins are 2% up in terms of our performance. Yes, there are some, lump sum turnkey projects which we work for PMC and the commodity prices are largely getting impact in those LSTK segment where we are not LSTK contractors. But we are PMC.

Now there in also there are two types of contracting which happens. One, which actually compensates for the commodity increase on indexing and on kind of the trend in the copper, aluminum and steel. But there are some fixed term contracts where in there is no benefit which is or no compensation for the unprecedented rise which has happened in the commodity prices.

Fortunately, EIL is not entirely affected, in some of the LSTK segments that we do, there are concerns there but they are under control. And where in if you can see also, the turkey segment turnover is comparative to the 9 months of last financial year and also comparative in fact, higher on quarter-to-quarter basis.



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On the second part in terms of the investments we have made in the fertilizer sector as I had also mentioned in the last earning call, this is a unit under stabilization and if you see on the three quarters performance of consolidated results, this quarter is better than the last quarter 1, and quarter 2 of this financial year. The plant is running at around 65% to 70% capacity.

There is a limitation on the offloading of urea over there in Ramagundam, which the Railway Ministry and the Telangana government is working upon. And it is expected that probably in March itself we will go up to 90%. Once we have a break in -- break point, it will only have -- it will be governed by the urea policy and the return is an assured 12%. So, we have this joint venture with NFL. And like any operating plant it has, stabilization issues which are now almost over. And we expect a good year in the next financial year. It is going to give us a good return.

There would be, of course, and what should I call the returns are going to be governed by the subsidy but the subsidy comes even if it is a quarter late or it is always there. So, this is a time of transition. But once we have a steady, inflow from our RFCL once it's full operating, I think it will be a stable investment that we have made.

Saket Kapoor: Ma'am, what is the total investment made in this project? And as of now, how much limitation has been taken with the commissioning of the project, this fertilizer, Ramagundam fertilizer?

Vartika Shukla: INR 491 crore is the total investment in Ramagundam. And the other thing, what you mentioned, please, can you repeat?

Saket Kapoor: The limitation which we have taken, or the losses, booked -- the book entry which we have provided for?

R.P. Batra: Yes, it's INR 160 crore, approximately.

Vartika Shukla: INR 160 crore. Batra, what is the number?

R.P. Batra: Our share is around INR 160 crore for the 9 months.

Vartika Shukla: Yes, okay.

Saket Kapoor: INR 160 crore. So, ma'am, just to get last understanding when the plants start moving -- starts operating at a 90% to 95% levels, what would be its contribution going forward? And ma'am, the understanding from investor community is that our -- the money of Engineers India being being invested in these unrelated sectors, have not been accepted very well in the investing community, you can see the type of capitalization this unique business company is commanding, even after our buyback. ma'am, as you were mentioning about dividend, I think so last year we also did a buyback. So, that that amount was also debited from our reserves and paid back to the shareholder. So, it should be conclusive of the dividend you gave in addition to the buyback amount of this year. But in spite of all the effort being done, the investing community are finding it jittery and that could be very well seen from the capitalization, ma'am, the way the prices have declined and are maintaining at the low levels. In fact, there is so much enthusiasm in the market and also with respect to budget also being so much focus on the infrastructure sector, hydrocarbons whichever we work there is inflow of



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positive news. And in spite of having these segments, we are not able to build confidence in investors because one of the point is this the money diverted in the unrelated segment, you can correct me there, but the returns wouldn't commensurate, with respect to our core competency, ma'am. We are investing in refinery segment also in NRL and we have an apprehension that the related vagaries, the sector will vagaries or fertilizers and refineries would eventually be on the Engineer India P&L account. This is my understanding, ma'am. So, how to get the investor confidence back, ma'am? What steps are you taking to build investor confidence, ma'am? You are at the helm now; I think so not even one year has passed. So, this was my point.

Vartika Shukla:

So, in fact, this is also a cause of attention from our side, that despite doing very well in the financials and we are steadily increasing profitability in terms of performance, we are steadily getting more margins and increasing our internal efficiencies, we are working in diversified areas, diversified geographies, we are doing all out to actually garner business and grow. Yet, the reflection of that is not being felt very positive in the market.

Now on this, yes, we are a consultancy company. The large choices as you have already stated, our only few that company like ours have. Whether we do buy back in a repeated manner which brings back the liquidity and then benefits the shareholders or we put this into, secured may not be directly related, may not be our core business of operating and maintaining a plant, but it is, I wouldn't say it is unrelated. So, investments in RFCL we have got INR 200 crore EPCM service because of that investments in RFCL.

Today also in NFL, in NRL we have a much more, what should I say, much more a stronger relationship with an NRL, which for their expansion project at tendered out and it had not come to EIL and we were not, I mean it went out of our hands. The dialogue on the strength of us being part of NRL in some way is actually bridging a lot of requirement of NRL and coming to EIL.

Today for NRL, we have sold three of our technologies with engineering, which is a unique achievement for a company like us, domestic technology which actually goes towards Atmanirbhar Bharat. So, these are the pluses. Today for our RFCL, we are trying to work out how nano urea can be put in RFCL, with NFL. So, these are the pluses if we have a stake there and we are part of it, it is a business which is compounding business. I'm not -- this is not something which is immediately going to reflect. But it will be on a long term. It will help the growth of the company to diversify its investments in this manner.

So, there is no -- NRL, for example, has already a commitment from this Government of India in terms of benefits. Northeast is a sector which will be developing. So, investments there are very secure once they're and we have already got INR 16 crore dividend in the interim dividend which NRL has already declared, and which is there reflected in our books also.

So, I would convey to the investor community that in a short term it maybe the visibility of our investments and the visibility of the way EIL is going could be viewed, I would not, -- could be viewed in this manner, but in a long term there is a strategy in it. There is a strategy and both which is financially sound as well as for growth, it is also quite positive and full of opportunity.



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Saket Kapoor:

Right, ma'am. Thank you for the elaborate answer. To point on the other income part, ma'am, we have this.

Moderator: Sorry to interrupt, Mr. Kapoor, but can you please?

Saket Kapoor: Yes, I'll come in the queue. Thank you.

Moderator: Thank you. Next question is from the line of Viral Shah from YES Securities. Please go ahead.

Viral Shah: Yes. Good evening, ma'am. So, basically, ma'am, could you highlight us on or give us more clarity on the tendering pipeline which is there in terms of petrochemicals, various projects, large ticket side projects, like Cauvery Basin, Bina refinery, what is the status on the same?

Vartika Shukla: Okay. Cauvery Basin refinery, we had been awarded in quarter 2. And that was the job order of INR 1039 crore and it is going on well. There is already movement at site also, there are some land issues which will be sorted out by the owners. And so far as -- right now, we have more of engineering activity, which is on full swing. We have a complete team deployed here as well as in the site.

Looking forward, we have expansions of Panipat, of HMEL, of MRPL, work for Kochi, BPCL in Kochi. We are already working for Bina, you would have seen all the announcements which the BPCL Chairman has made recently on the polypropylene at Kochi and petrochemical at Bina, EIL is there. And like I mentioned exactly what I mentioned a while back, we are there as part of the feasibilities, with the low value high end work, which leads to project, pre-project activities and project. So, we are there.

Also, for pipeline activity in terms of the both the gas and LPG, there are a lot of work which is being done in feasibility. There are some import facilities also which are being worked on. You have also seen the statement of CEO and MD of PLL and, there also there are two projects which he has mentioned. One is the Gopalpur FSRU and as well as the PP and PDH in the Dahej. EIL is there and we are at the center stage doing the feasibility for them and we look forward. And if you've seen the numbers of investment which he shared, you'll see the volume of product projects which are there for them.

Besides, we are also working very closely with the other sectors, especially when we are looking at addition of petrochemicals, specialty chemicals, we are also talking to the private sector for some of the work, we are also looking at co-development of a lot of technologies with the private sector and the public sector which will go into commercialization, which is our core. You talk of technical competence and that is also very much focused upon.

So, we -- I mean, I at the helm of affairs with my team, see a huge opportunity, not just what I've told there are plenty of other leads, not only here, we've just won a small job, but sizeable volume later in Nigeria, which is again a PMC work that we have -- the feasibility work. So, there are some certain other projects of GAIL also we are working upon. So, there are plenty of work which is going on, which will convert to project very soon.



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Viral Shah:

So, ma'am, when you look at and quantify in terms of numbers, one is the core petrochemical segment, what will be a big pipeline look like maybe INR 30,000 crore kind of opportunity over a 3-year period? Or a number if you quantify? And secondly, and the noncore segments, when you expect actual commoditization to take place and what can that part of order would be for a 2-year, 3-year perspective, not on a short term, but yes, in the long run, what is the expectation or strategy going forward? And lastly, ma'am, a lot of projects has been delayed. So obviously this year, also the order in flow was subdued. We had been able to back INR 1500 kind of crore of order inflow. But from a longer end perspective, what is the run rate, where we would be comfortable at maybe INR 2000, INR 2500? So, that we can get our revenue and execution pipeline going, these are my three questions. Thank you.

Vartika Shukla: Yes, okay. So, I would not be able to tell you the absolute number of volume of project in terms of crores. I have given you sufficient number, in fact, information of the project plus you see the announcements made, you can see as a percentage what kind of fees we would get.

Viral Shah: No, problem. That's fair enough, ma'am.

Vartika Shukla: Yes, but in case you are talking of the -- what is a healthy order book for both sustenance and what is the healthy order book for a good CAGR? It is again, we have -- we would like ideally to have a 65%, 35% mix of consultancy and EPC, primarily because consultancy is a very good margin. And EPC gives us a good top line, so that's the kind of mix that would be ideal for us.

As I mentioned before, the large part of our the order book is mainly in the consultancy now, so we are trying to get as much as we can also in EPC. Largely, yes, something like 2000 plus is a good number, it's a good number, we would aspire for more, but that's the number for a reasonable growth year on year, yes.

Viral Shah: Fair enough ma'am. And lastly, ma'am we have not backed any project on our EPC for quite some time now. So, where we are in terms of bidding or are we close to getting one or two projects, so what is the strategy out there. And secondly, on the same question. In terms of margins, are these fixed price contracts or there is a possibility of price growing in there as well? Why I am coming there is because any which ways we are making 2% on EBIT. So, whether we can have that -- any other contracts is fixed price and we are going to take some hit on that. So, clarity on that will be helpful. Thank you.

Vartika Shukla: Would you like that one?

Vinay Kalia: Viral, as mix of consultancy, ma'am has shared it about 65%, 35% is the ideal mix, we would like to have for top line and bottom-line growth, on a long-term basis. As far as EPCs are concerned, see wherever we take up EPC projects, you would know that because of conflict of interest, we will be forfeited from taking a FEED and PMC assignments. So, it is kind of a margin mix. Our first priority is always to go in for a consultancy assignment where we will do FEED and PMCs or we are EPCM consultants. Majority of projects, there are EPCM mode of contracting, where are no EPC contracts. So, like in CPCL, some units are in EPCM, only few units are on PMC. Same in Panipat. It is a mix, same in NRL. Wherever there is an opportunity between a PMC and a EPC, we will first try for PMC. Fortunately for us, in EPC modes of contracting also we have been able to go in for cost plus kind



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of contracts, which gives you more security in terms of variations in plant and machinery and also stability in terms of bottom-line margin. So, we are cutting down on our variability, stabilizing our margins and looking for a reasonable growth.

Viral Shah: Lastly, sir, in terms of turnkey, you rightly mentioned that so, I'm just evaluating, is there some opportunity where we can bake some large orders in turnkey because this is a segment where we have not baked anything for quite some time, not a large ticket sized kind of order, so just wanted to understand that?

Vinay Kalia: Yes. As I've shared with you, we have not done EPCs because we are PMC consultants there.

Viral Shah: Agreed.

Vinay Kalia: For well at Rajasthan Refinery, we cannot take any of the EPC contracts, there are about 18-20 EPC bids, which are going on, but we cannot bid because we are PMC consultants. Same will be the case in CPCL and Panipat because we are the consultants there. So, our opportunity size comes down because we are acting as a consultant in lot of the projects and you know our market share in India. So that's the call we have to take, if we go for this kind of a margin mix.

Viral Shah: Okay, fair enough. Lastly, if I may add one last question. That's it from my end. When we look at the historical margins, I guess FY '14, '15 was where -- '13, '14 was where you used to command 24, 26 kind of percent of margins, obviously the revenue share from consultancy was very high. If we try to mix change or mix from currently 50%, 55% of consultancy to 65% or 70%, can we expect our margin to bounce back significantly from 11%, 12% to maybe 18%, 19%.

Vartika Shukla: It is possible and we are working on that end. We are trying, we have reopened some of the divisions, which were our USP. Viral, I was answering your question.

Viral Shah: Yes, ma'am.

Vartika Shukla: So, what we are trying to say, we have reopened some of -- re-constituted some of our USPs, some departments, which are very high-end work they do, where our margins are very high. As you mentioned in I think 14-15, 15-16 our margins were high, 14-15.

Viral Shah: Yes, '14, ma'am, FY14 and '13.

Vartika Shukla: So now, what only happens is that we don't kind of see that kind of growth in the topline. So, on the margins, we would grow. So that's why we are seeing a healthy order book of 65%, 35% kind of gives us both margin may not be 24%. There could be 17%, 18% or 15% or 13%, but our topline also shows growth. That will -- that's how the segments are now divided, kind of reflect. So, we will definitely, in fact, we have already broken that barrier, those groups have actually and the objective is that they become SBUs. So once they do that, then it is more of a high-end work which recognizes both India and overseas.



So, it's going to take some initial time to kind of get back to momentum to break out and perform, but we are confident EIL is moving in that direction, the management is also steering, I'm steering in these kind of high-end work, which is unique to us, no one else in the country does that. So many -- very few people in the world also do that.

Viral Shah: Yes, ma'am, I agree to that. And I think that was where we also used to command a premium as well from a market cap perspective as well because people were really gung-ho about the business and the kind of work which we used to do. And I guess if you could bring that I think the market cap should come back, that is what the expectation is. Thank you, ma'am and all the best for future, sir. Continue doing this good job, ma'am. Thank you so much.

Vartika Shukla: Thank you.

Moderator: Thank you. Next question is from the line of Sagar Gandhi from Future Generali India Life Insurance Company. Please go ahead.

Sagar Gandhi: Yes, am I audible?

Moderator: Yes, you are. Please go ahead.

Sagar Gandhi: Yes, thank you so much. So, ma'am, my question is we have been making losses from past three quarters in the associate company which is Ramagundam Fertilizer Limited. What is our internal assessment? By when will they ease the, I mean breakeven? And what is the utilization level at which this Ramagundam Fertilizer company is working? And at what utilization level will it breakeven and it will start contributing positively to our bottom line?

Vartika Shukla: So, let me answer the last -- not the last, to the mid part. It is running today at about 65% capacity. And we expect the breakeven to happen even in March, in the month of March itself, last month 70% is the breakeven, where it starts making money. And as I also replied earlier, it is definitely going to be positive next year and we expect the break point to happen in March itself.

Sagar Gandhi: Okay. So, if I understand correctly, it is currently at 55% utilization level.

Vartika Shukla: 60%, 65%.

Sagar Gandhi: 65%. And in another 5%, it will start breaking even. And at ma'am, at roughly say 80%, 85% utilization level, how much horsepower that -- does that company has to make money. I mean, what is the EBITDA that company will generate?

Vartika Shukla: There is -- this is under the urea policy of 2015 which is extended to Ramagundam also. So, on a post-tax returns, is assured return of 12% on the investments, on equity. So that's the kind of return we will get on our INR 491 crore once it produces. And there is almost 60% of the demand of urea is in Telangana itself. So, the market is very much there. The distribution is done by NFL. So, there are logistic issues on rail. There are some issues on the rail rates, some dialogs going on on that, there are some issues on the truck, on the local issues are also there which are being resolved. And once that happens and the offtake goes up, it will get sorted and once -- see if you



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have a 60% demand in the state, then movement outside becomes lesser than required. So, there are high-level meetings happening almost once a week to ease out this kind of synergy between the various agencies, various state and center and everything. So, it will smoothen out very soon. Because we all, we realize today we are producing something like \$300 per ton urea and the import is not less than 900 if I recall correctly, the number was right.

Sagar Gandhi: Yes, share priced 99.

Vartika Shukla: So, there is a huge push and everybody is working, every stakeholder on RFPL is on the job. EIL, RFPL, our ministries, Railway Ministry, Telangana Government, so everybody is on the job to support them, to -- for the dispatches so that should happen very soon. Please appreciate that there is a stabilization required in particular on operating units, specially where they handle solids, like bagging and dispatching. So, it's a more complex than the process industry like refineries, which we deal with, which are stabilized so soon within a few weeks sometimes (technical difficulties).

Moderator: Participants again, apologies for the delay in reconnecting. We have the management line now reconnected.

Sagar Gandhi: Yes, ma'am. Thank you. Thank you for your answer, ma'am. Continuing with exceptional losses question. So, in last Q4 of FY21, we had booked an exceptional lots of INR 155 crore. And that was because of probable few principal defaults on the investments book. So, ma'am, any update, there are any more exceptional losses coming in subsequent quarters?

Vartika Shukla: Let me be honest with you, that was done in complete transparency through bring to the books, make good of the losses of the principal in the PM Trust. There are some very small investments, which if at all go bad will be accounted for. But let me assure and confirm that the substantial value of INR 154 crore will nowhere be ever on the books of EIL henceforth. So, it was a conscious attempt, conscious decision to make sure this was reported and closed.

Sagar Gandhi: Yes, but, ma'am, that time it was reported that this is 80% of the probability holds.

Vartika Shukla: Yes. So, you are aware of the market, if you would probably financial markets, you are better equipped to understand, you are knowing that we have to go by the waterfall mechanism. We have to go by the Co CNN decisions. And the resolution professionals decide as per the rule and the hierarchy where we sit in terms of the investments we have made. 80% was the actuarial value which was determined. Since we have already accounted for 80%, there is already some which we have already got back. And if any, as I mentioned, and let me be very honest and straight, in case there are any closures of any investments and they need to be accounted for, which will be definitely much lower than what was done in terms of provisioning, it will be done. EIL's book will be clean on this account and very transparent as have always been.

Sagar Gandhi: Thank you so much for the transparency that you showed and all the best. Thank you so much.



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Moderator:

Thank you very much. The next question is a follow from the line of Saket Kapoor from Kapoor Industries. Please go ahead.

Saket Kapoor: Hello?

Vartika Shukla: Yes.

Saket Kapoor: Yes ma'am. Ma'am if -- I have not heard the cash in -- cash on books figure, ma'am, if you could help me out with the same?

Vartika Shukla: Batra-ji?

R.P. Batra: It's around, between INR 1200 crore to INR 1300 crore.

Saket Kapoor: Okay. And when we come to the slide number 23, ma'am, if we would, yes, capital investment.

Vartika Shukla: Okay.

Saket Kapoor: If you could explain what is the message we're trying to give from investment one, two and three. I think so, you have spoken about the Ramagundam Fertilizer in total investment of equity of INR 491 crore. And now coming to this NELP, two upstream assets and the minority stake in Numaligarh. Our Numaligarh investment is INR 700 crore as mentioned and this INR 16 crore dividend we have received for this quarter itself and it is there in the other income of INR 39 crore?

Vartika Shukla: Yes. It is in the other income. Batra-ji, correct?

R.P. Batra: Yes, yes, yes.

Saket Kapoor: Okay. So please explain about our investment for this NELP two upstream assets, what is the update on the same?

Vartika Shukla: Yes. So, you are quite aware that yes the nation needs to enhance our production of both oil and gas. And going by that, we have partnered with BPRL and we are in consortium partners with GAIL for the two blocks in the upstream. There is a kind of -- there is a probable, in one, there is a probable chance of getting that asset realize the returns. In the other, it is likely that you may -- we may not get the price at which the recovery would come, would be much higher than the bidding price of crude. There are decisions being made with the consortium, our lead partner who are actually working on the economics and working on ground will in due course share more information with us. But these are in the good of the nation that we need to work upon the enhancing exploration in the upstream.

Saket Kapoor: Yes, ma'am. That is very true. But in a listed space when you have other shareholder, then there is the commitment is more than towards the nation. It is our duty, we are taxpayer. So, we are committed to the nation in that way. But if a listed company also have these kinds of commitment towards nation from listed entities. It is not giving the right message to the investing community that if the cash that you generated nobody will be able to tell how it is utilized, who will decide, it is the promoter, that is the Government of



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India. So, there must be segregation between what the minority shareholders are expecting and what the government has asked the management to do?

Vartika Shukla:

You are very right. Our minority investors or non-government investors or the other investors, we need to consider them as well, there is no doubt about it, and I do not dispute that. As a responsible profitable corporate, we need to see business in our own money that we have. Right? And I am completely with you on it.

Now, while I am with you on it, there are some things which as a sectorial company, there are some obligations and as and when they come, we have to evaluate. Now these are also -- these are not processes. See these are not investments made just by somebody directions. These are assessments and assessments are done with proper technical and commercial due diligence, right? So, these are also been done with proper due diligence, a proper process has been followed and the outcome is subject to the prices of crude. So, it would -- and at that time, the assessment, what was done was had made sense, commercial sense.

While we are a government organization. But let me tell you, no board, neither ours or in other PSUs takes any decision which is commercially not attractive. It is very rarely that we have some decision-making process, which doesn't make any sense. They could be. I would not say no to it, in terms of the decisions. But largely, they're all discussed, specially of commercial investment. And the logic of the investments of both at with BPRL or GAIL was, complete due diligence was done in terms of the pricing and then only these were taken up in consortium.

Saket Kapoor:

Correct ma'am. When we look at this Numaligarh Refinery investment also ma'am, our investment is to the tune of INR 700 crore. And the dividend, which we have received for this -- if I'm not aware of the financials for NRL, so excuse me, on that front. So, it is at 2% to 3% payout if we take on this dividend, other than the dividend, I don't think so there would be any other mode by which we would be receiving our cash back until and unless they go for an IPO and we get an opportunity to dilute our stake at that point? That was the reason, yes ma'am, so, 2%, 3%--?

Vartika Shukla:

Right. So, I would hold you -- I would hold the investors to closure of this financial year. I think it is premature to judge the percentage return on the investment just with the first interim declaring the first interim dividend by Numaligarh Refinery. I think, I would hold the award of a judgement in this matter till the financial year crosses and the final dividend is declared by Numaligarh.

Saket Kapoor:

Okay, ma'am. I got the message. But when we look at your 9 months versus 9 months, ma'am, December '20 and December '21, PBT has remained flat, So, how should we look at these numbers, ma'am? If I look at the top line -- If I look at the bottom line, it is INR 302 crore. And last year it was for the 9-month INR 309 crore. So, is it the only COVID factor that has flattened our number and there is no growth in the bottom line?

Vartika Shukla:

See, there were a lot of projects which have not -- if you see the activity now there is a lot of announcement and I just shared with you some of the announcements made by some of the owners. So, there are many more announcements which will come. See we get businesses when there is



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investment and growth. So, no doubt as someone mentioned on the investments which are also business opportunities as part of the budget. And definitely there is a huge investment which is planned in the oil and gas itself, which is over INR 1,11,000 crore also in infrastructure, which is huge. So, we -- the cycle has to also start know, the investment cycle once it goes at the swim, commensurate to that only we will get our jobs. So, it has not been very robust in terms of growth, we are already in. In GDP you see the reflection in some ways also comes there in last 2 years from March '19, '22, no, not '19, '20 to '21, now '22 we are only picking up you see the vehicle sales in last month in January. Have you seen that?

Saket Kapoor: Yes, ma'am.

Vartika Shukla: So, it's reflective. The growth is reflective in many elements. One of it is in these the sector's when we see growth in passenger vehicles. So, the commercial vehicle sales is pretty good. So, there's going to be activity means, there is going to be some, -- I have seen now year on year the vehicle sale has increased by 14%, total commercial vehicle sales. So, which means to say that there is commercial activity picking up. If it picks up, then the sentiment of the market is there, sentiment to invest, there is demand, there is investments not only in our core sector, but the other sectors, infrastructure, and all. It is a huge push in the budget, in the infrastructure also. So, we are definitely going to go all pitch, all pitches there, all efforts are there to garner more jobs.

My single mantra to us is and to EIL and all of us is that we must get as much business as we can, whether it is a high-end business, consultancy business or a form of an LSTK or OBE business, the more business we get, the more we will grow. The more our presence will be, the more we can satisfy the investor community. So, our concerted effort is to garner more jobs in any and every sector, build on more clients, build on new clients, build on new geographies. These are some of the pillars that we are working on.

Saket Kapoor: Ma'am, on the L1 part, can you through some light, ma'am?

Vartika Shukla: L1?

Saket Kapoor: L1 means, the bidding process that's going on how many L1 orders are there?

Vartika Shukla: We will not be able to share with you any bidding information.

Saket Kapoor: No, ma'am, I was just looking at the size of the order where we are bid and our strike rate, just to have an understanding, how many orders -- yes ma'am?

Vartika Shukla: It's a little sensitive, I think, to share on these elements, it's -- Vinay, it's difficult for us to share, right?

Vinay Kalia: Yes. it is little sensitive because it's a competitive environment and we are bidding. Moment we are getting the jobs, we are declaring the same

Vartika Shukla: I think we already, declaration have been notified.



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Saket Kapoor:

Ma'am this Jal Sena project of the government, is Engineers India anyway participating, doing any work in this on any pipe we are garnering out of this entire project?

Vartika Shukla: Which project?

Saket Kapoor: The Jal Sena project which is now the flagship project of the current government.

Vartika Shukla: Jal Shakti?

Saket Kapoor: Yes, the Jal Sena Jal Shakti project, yes.

Vartika Shukla: Is it, Gati Shakti?

Saket Kapoor: Gati Shakti, yes, ma'am. This time it was mentioned Gati Shakti where in the entire gamut comes in. Jal Sena is also, yes.

Vartika Shukla: I will not disclose anything on Gati Shakti, right now. You'll have to wait.

Vinay Kalia: It's a little sensitive, let it be with us. Moment we have something material to declare, we will declare.

Vartika Shukla: Yes, we will declare, share.

Saket Kapoor: Small closing point from my side. Firstly, ma'am, we should try in best of opportunity, to come up with our board meetings and all also a bit early than at the fag end. And our presence in the investor community should also be enhanced. Ma'am, today I saw the interview at CNBC Awaaz, and there should be ways and means by which the presence of the company should be felt in the investing community. So that attraction can and on a regular basis, being developed other than the con call, they should other mediums also, the other con calls, infrastructure calls and many con calls happen over the period of time. So, wherever our company's relevant, there should be a presence from the team, so that builds base and confidence among the investor community, ma'am. So, these are the point, I thought this medium I can convey through. Yes, ma'am.

Vartika Shukla: There is a concerted effort from our end to do that. And I would very much like to know the formula of enhancing our share price so that our market cap increases. Nothing more would excite me to actually make that happen, as the company. So, we are as leadership committed to it, and we definitely need your support. We need your support. We also need a feedback, and you have given very positive feedback on the perception. I mean, all of you really shared that. So, I would also thank you for that.

Saket Kapoor: Yes, ma'am. You should work in agencies, there are agencies who work for value creation ideas and as a board hires and look forward for the deliberations and our contributions are always there. But these were the points for which I thought, just sharing with you. And for the ethanol story also, ma'am any participation from – where for a setup of an ethanol plant any engineering work or job we are doing? There is lot of traction in the ethanol segment also, all across the country.



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Vartika Shukla:

So now I think we really need to communicate better. We are setting up the world's largest only bio refinery which is happening today, which is ABRPL in Assam. EIL is the front runner in implementation of bio refineries ethanol bio refineries. So, I think wherever you can showcase this, quote this, we have taken our technologies from a bench scale to commercial scale and we have an agreement, we have a strategic alliance with them in terms of R&D and innovation.

So, I think EIL is on the front runner on ethanol. There is no question of us how we are there. In fact, we were the first ones to do these PFRs in 2016. So, EIL has been contributed to the national bio fuel policy. EIL has been helping the ministry in a formulation of the Pradhan Mantri Jeevan Yojana, EIL has the evaluated technology, and EIL today is working for implementing engineering PMC project management it's a good sizeable project we are doing for ABRPL in Numaligarh. And also, we have this R&D association. We are also doing DAPL feasibility for NTPC. So, we are very much there. I think no other company to this extent is involved and engaged and committed to the bio fuel and the ethanol projects in particular than EIL.

Saket Kapoor: And what is the size of the contract, ma'am? This ABRPL?

Vartika Shukla: See the size of the contract would be something like probably around INR 100 crore.

R.P. Batra: It has touched INR 100 crore.

Saket Kapoor: Okay, that means—

Vartika Shukla: Now you have brought me here. Let me bring another perspective to it. As a consultancy organization, you only -- we see only our turnover in terms of our the fees that we get. If you see in terms of the value of projects that we're implementing today, it is more than almost INR 2,50,000 crore to INR 3,00,000 crore project. Just think of it in the other way. You see how many lakh crore projects that EIL is implementing as a consultancy organization. And if we add that up, it will add to something like INR 2,50,000 crore to INR 3,00,000 crore. That is the value of projects that we implement.

We place something like 2,500 orders per year on various MRs and tenders. We turn around almost 6 to 7 orders per day. That's the volume of work EIL handles. So, and it's very complex. However, our turnover is a percentage of the fee of the cost of the or the services that we do. And that's why fee and the vastness of the company does not reflect as it should, in the top line figures.

Saket Kapoor: Okay. So, by INR 100 crore, you mean our revenue -- our share of business or this is the revenue we are going to get post completion?

Vartika Shukla: It is the fees that we get.

Saket Kapoor: INR 100 crore is the fees?

Vartika Shukla: Yes.

Saket Kapoor: And what is the size of business? Hello?



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R.P. Batra:

That project is INR 3250 crore, INR 3,250 crore.

Vartika Shukla:

Yes, that's right.

Saket Kapoor:

Okay. And INR 100 crore is our income from the same providing our consultancies?

R.P. Batra:

Yes.

Saket Kapoor:

Correct. And also, are we working on any carbon capture project also, ma'am? This is also a talking point.

Vartika Shukla:

I cannot disclose that, it is confidential.

Saket Kapoor:

Okay.

Vartika Shukla:

Yes, it is confidential. I can only say we are, but it's confidential. You know, carbon capture is a very, very confidential area. I would not be able to share anything on that today.

Saket Kapoor:

Okay, ma'am, because NTPC and all have started, their work on the same power plants, the old power plant for NTPC. So, I thought if I could get some clarification on the same.

Vartika Shukla:

In due course of time, we will announce.

Saket Kapoor:

Correct. Ma'am, many thanks to you for addressing, listening patiently, answering my questions. My first interaction with you during the AGM and post that this is the second opportunity. And really thankful to the board. And I hope that our suggestions would be taken on board if they derive merit and hope for further interactions and a long journey with this organization with its esteemed value still unlocked. So, hope for good times ahead, ma'am. Thank you. And all the best, ma'am.

Vartika Shukla:

Thank you.

Moderator:

Thank you, very much.

Vartika Shukla:

Thank you.

Moderator:

As there are no further questions, I now hand the conference over to the management team for closing remarks. Over to you.

Vartika Shukla:

So, as I have already in detail explained. EIL is on the growth part, both in terms of garnering businesses in the core sector, there is a strategic road back towards growth in the diversified sector, as well as strategic footprints enhancing in the international territory as well. We have also reconstituted some of our USP some high-end technology work that we do, to garner the existing clients and build new clients. And there is expected to be a good, positive, and encouraging interest from our customers which is already felt. In terms of adjacency, we are also looking at other businesses and we already have a foot in the door and in green hydrogen we are working extensively on biofuels in the renewable sector. So, in the -- and we are also likely to play a very significant role in the transition of energy which our core refinery sector



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is to meet the COP26 commitment. So, in going forward, we expect more orders in hand and hire both consultancy and turnkey segment so, that we -- the vision that we have for the company in the years to come is realized. Thank you.

Moderator:

Thank you very much, members of management. Ladies and gentlemen, on behalf of Batlivala & Karani Securities India Private Limited, that concludes today's conference call. Thank you all for joining us and you may now disconnect your lines.

Vartika Shukla:

Thank you.